



# Cleveland District Office News

Information for the Small Business Community

## March 2006

U.S. Small Business Administration  
Cleveland District Office

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**March 2006 Newsletter**  
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**For More Information**  
**SBA Home Page:** [www.sba.gov](http://www.sba.gov)

- SBA offices are located in all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam.
- For the office nearest you, look under "U.S. Government" in your telephone directory, or call the SBA Answer Desk.
- SBA Answer Desk:  
1-800 U ASK SBA
- Fax: 202-205-7064
- E-mail: [answerdesk@sba.gov](mailto:answerdesk@sba.gov)
- TDD: 704-344-6640
- Your rights to regulatory fairness:  
1-800-REG-FAIR

*All of the SBA's programs and services are provided to the*

*public on a non-discriminatory basis.*

## LOAN REPORT *as of February 28, 2006*



### Total Loan Volume 7(a) and 504 Combined

Bank	Number of Loans	Dollars (In Thousands)
Charter One Bank	274	\$14,769
National City Bank	111	\$15,184
US Bank	78	\$ 3,152
Sky Bank	56	\$10,324
JPMorgan Chase Bank	55	\$ 8,905

### 504 Loans

Bank	Number of 504s
KeyBank	10
First Merit Bank	9
National City Bank	6
Sky Bank	5
Charter One Bank	3

	Number of Approvals	Dollars (In Thousands)
<b>CDC</b>		
Growth Capital Corp.	15	\$ 5,154
Cascade Capital Corp.	9	\$ 2,876
Lake County SBAC	7	\$ 2,032
Stark Dev. Board Finance Corp.	6	\$ 1,682
Mahoning Valley Econ. Development Corp.	5	\$ 1,810
Ohio Statewide Dev. Corp.	2	\$ 1,432
Community Capital Dev. Corp.	2	\$ 464
Lake County Improvement Corp.	1	\$ 720
Northwest Ohio Development Ass't. Corp.	1	\$ 258

## FISCALLY RESPONSIBLE SBA FY 2007 BUDGET PROVIDES RECORD CAPITAL

The U.S. Small Business Administration has announced a fiscal year 2007 budget request of \$624 million that provides a record \$28 billion in loan and venture capital authority for the agency's flagship small business financing programs. On the technical assistance side, the budget requests approximately \$87 million for Small Business Development Centers, \$12 million for Women's Business Centers and \$5 million for SCORE, Counselors to America's Small Businesses.

"The SBA's fiscally responsible FY 2007 request provides for record authority for small business lending and provides for the other key resources we offer to small businesses," said SBA Administrator Hector V. Barreto. "From a lending perspective, this builds on our successes over the last four years, when we reached more small businesses, including more women and minority entrepreneurs. As we have in the past, we also continue to strive to be efficient and innovative in our use of technology as we deliver financing, technical assistance, education and counseling and contracting programs to millions of small business owners."

As in FY 2005 and FY 2006, the 7(a) loan guarantee program will be sustained by modest fees paid by lenders and borrowers and will not be subsidized by an appropriation. This has resulted in an annual savings to the taxpayer of about \$100 million. The program has operated on that basis since the start of FY 2005, and set all-time loan volume and dollar records last year. The budget proposes a fee on loans greater than \$1 million made to small businesses to offset loan-making administrative costs. The fee will have no effect on the vast majority of borrowers.

It also proposes to continue providing preferential loan terms to victims of disaster. However, in order to contain the escalating costs of the program, it proposes keeping the current deeply subsidized rates for the first five years after origination, during the critical rebuilding phase. Afterward, rates would graduate to the rates on Treasury instruments of similar maturity. The proposal is expected to save \$41 million in FY 2007. "These changes are necessary fiscal restraints that strike a balance between the needs of the SBA's customers and clients with the needs of all American taxpayers," said Barreto. "They will allow us to continue to operate more efficiently and effectively to meet the record demands of small businesses for financing, and of disaster victims for federal help over the long-term."

*(continued on page three)*

## NEWS FOR SBA LENDERS



### SBA Aims to Boost Private Sector Participation in Disaster Loan Processing

#### *Innovative Initiative Intended to Create Closer Partnership*

The U.S. Small Business Administration and the Gulf Coast Rebuilding Office has announced the *Disaster Loan Partners Initiative*, designed to increase the role of private sector financial institutions in the hurricane recovery efforts throughout the Gulf region.

SBA will solicit bids from local banks and other entities for contracts to assist in processing SBA disaster loans. The contract is designed to complement the loan processing currently under way by SBA's Office of Disaster Assistance and field offices throughout the country as a result of last year's devastating hurricanes affecting the Gulf Coast.

SBA is issuing a request for proposals (RFP) for assistance in loan processing and closing functions through the disaster loan program as a result of the devastation caused by Hurricanes Katrina, Rita and Wilma. To date, the SBA has received more than 381,000 applications, with a total of over 400,000 expected before the March 11 filing deadline.

"SBA is committed to delivering aid as quickly as possible to those in need," said SBA Administrator Hector V. Barreto. "We have heard the offers of the private sector, and have discussed the needs and available resources. This partnership with the private sector will allow local financial institutions to become more involved in the rebuilding efforts. We believe they know their communities best and we are eager to engage them in this initiative."

"This SBA contract for assistance in processing loan requests will help the agency further ramp up its capacity to get loans out to the people who stand ready to roll up their sleeves and rebuild," said Federal Coordinator for Gulf Coast Rebuilding Donald E. Powell. "This will help expedite the provision of credit needed to stimulate growth and forward momentum in the economy of the region."

Multiple contracts will be awarded by the SBA. The contract runs through Sept. 30, 2006, but will have four option years. To date, the SBA has processed over 245,000 disaster loan applications in six months. Disaster loans have been processed for 147,000 victims in Louisiana, followed by 61,000 for Mississippi, 7,000 for Alabama, 17,000 for Texas and 13,000 for Florida. Complete details on the solicitation for bids, including the statement of work, will be available tomorrow at [www.fedbizopps.gov](http://www.fedbizopps.gov). ♦

## Fiscally Responsible SBA FY 2007 Budget Provides Record Capital

*(continued from page two)*

Highlights of the proposed FY 2007 SBA budget include:

- ♦ A record \$17.5 billion in lending authority for the 7(a) loan guarantee program;
- ♦ A record \$7.5 billion in lending authority for the 504 Certified Development Company program with a zero subsidy;
- ♦ \$3 billion program level for the SBIC debenture program with a zero subsidy (same as current year);
- ♦ \$900 million in lending authority for the Disaster Loan Program (five-year average);
- ♦ \$743,000 for the National Women's Business Council (up from \$741,000 this year);
- ♦ \$743,000 for Veteran's Outreach (up from \$741,000 this year);
- ♦ \$990,000 for the Drug Free Workplace Program (up from \$987,000 this year).♦

### Cleveland District Office Program Staff

**Gilbert B. Goldberg**, District Director  
**Richard A. Lukich**, District Counsel

#### Lender Relations:

**James F. Donato**, Manager and PIO  
**Timothy J. Ensich**, Lender Relations Specialist  
**Mark C. Hansel**, Lender Relations Specialist  
**Thomas R. Sangrik**, Lender Relations Specialist

#### Business & Economic Development (Community Outreach):

**James M. Duffy**, ADD/BD  
**John R. Renner**, Business Development Specialist  
**Sonya M. Wagasky**, Business Development Specialist

## Cleveland SBA Staff Member

### Tom Sangrik

### Assists Victims

### of Gulf Coast Disasters



*Lender Relations Specialist Tom Sangrik home once again in Cleveland.*

Tom Sangrik, Lender Relations Specialist and twenty year veteran of the Cleveland District Office, assisted at the SBA Fort Worth Disaster Loan Center from November 28, 2005 to March 3, 2006, responding to the Gulf Coast Disasters. Six days a week Tom worked eleven to twelve hour days, and on Sundays he worked eight. Tom did have Christmas Eve, Christmas Day and New Years day off, yet his first impulse was to go to the office. "You think about the victims with no home or business and it keeps you going." Due to the efforts of SBA employees like Tom, to date over \$6 billion in SBA Disaster loans have been distributed, faster than at any other time.

Tom is not new to meeting the needs of disaster victims. As part of other SBA volunteer disaster teams, he assisted victims of the Northridge, California Earthquake in 1994, as well as Hurricane Hugo. "The difference in the past is that much was handwritten. Now it all is scanned in and for the most part, the system is paperless and automated. Another thing that is so different is the ease with which I could reach people. Even though there had been a disaster and people were spread all over, everyone had many cell phone numbers at which they could be reached. It was so different than in the past, when it was really difficult to reach victims." Tom describes the job as sometimes "heart breaking" and is impressed that the Agency "bends over backwards to try to make loans" to qualified applicants. Working directly with victims of the hurricanes, Tom assisted business owners as they began rebuilding or relocating. If a business person had also lost a home in the crisis, Tom worked with the owner to secure a home loan in tandem with the business loan. In addition, he could offer qualified applicants an SBA economic injury loan.

Although the SBA is producing a tremendous volume of Disaster loans, work is meticulously executed to avoid fraud. Before the loan making process can begin, an SBA loss verifier must visit each property and make an estimate of the property loss. "This can be extremely hard because many places are just completely wiped out," notes Tom. In addition, because so many applicants lost financial records in the disasters, all income tax information is verified with the IRS. Response time from the IRS to the SBA Fort Worth Center is generally within two days, substantially quicker than in conventional circumstances. Fraud is also avoided by working with applicants as they obtain deeds for collateral, as well as other paper work, such as insurance information. "Sometimes more than one person claims ownership of a single property. The SBA is careful to ensure the true owner receives assistance. The agency gets all insurance information on applicants to be sure there is no duplication of benefits," Tom adds.

While Tom is looking forward to seeing the green of an Ohio spring and summer, he looks back at his time in Fort Worth with satisfaction and says, "The best part of the job was helping people get their lives back together." ♦



## **MATCHMAKER EVENT HELD AT JACOB'S FIELD FEBRUARY 2006**

The second annual Cleveland Business Matchmaker event took place On February 7<sup>th</sup> and 8<sup>th</sup> at the Terrace Club located at Jacobs Field. The Matchmaker was presented by the Urban League of Greater Cleveland in cooperation with the Cleveland District Office of the U.S. Small Business Administration and with the support of National City Bank and First Energy Inc.



The event brought together small businesses and buying activities for one-on-one meetings, workshops and networking activities.



A total of 219 small businesses and 36 buying organizations participated resulting in over 1400 Matchmaking sessions over the two day period.♦